

**Melissa E. Newman**  
Vice President – Federal Regulatory  
Qwest Communications International Inc.

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June 30, 2008

***FILING VIA ECFS***

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

RE: *In the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Report and Order, Payphone Audit Report, CC Docket No. 96-128, 18 FCC Rcd 19975 (2003)

Dear Ms. Dortch:

Pursuant to the requirements set forth in Appendix C of the above-captioned *Report and Order*, Qwest Corporation and Qwest Communications Corporation submit their respective Report of Independent Accountants, KPMG LLP, attached hereto.

My contact information is listed above should you have any questions.

Respectfully,

/s/Melissa E. Newman

Attachments

Anne Hilton  
Director-Finance  
Qwest Services Corporation



June 27, 2008

KPMG LLP  
707 17<sup>th</sup> Street, Suite 2700  
Denver, CO 80211

Qwest Corporation ("QC" or the "Company") is providing this letter in connection with your engagement to examine Management's Assertion included in the *Report of Management on Compliance with Applicable Requirements of 47 C.F.R Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations* that QC complied, in all material respects, with Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commission's ("FCC's") Rules and Regulations and related requirements contained in CC Docket No. 96-128 (hereinafter, "Call Tracking System Requirement") as of June 27, 2008.

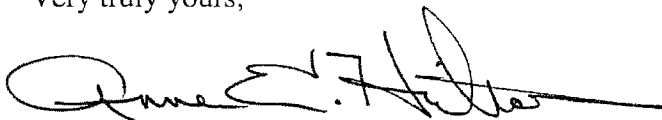
In connection with your examination, QC confirms, to the best of our knowledge and belief, the following representations made to you during your examination:

1. QC is responsible for compliance with the Call Tracking System Requirement. As of June 27, 2008, the Company operates its business in compliance with the Call Tracking System Requirement in all material respects.
2. QC is responsible for the assertions included in the *Report of Management on Compliance with Applicable Requirements of 47 C.F.R Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations*.
3. QC is responsible for selecting the criteria to assert to the FCC compliance factors set forth at 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations for determining that such criteria is appropriate for our purposes.
4. QC establishes and maintains effective internal controls needed to ensure compliance with the Call Tracking System Requirement.

5. QC continually monitors and evaluates the Company's compliance with the Call Tracking System Requirement and the Company's internal control policies and procedures for ensuring compliance and detecting noncompliance with the Call Tracking System Requirement.
6. QC is not aware of any instances of known noncompliance with the Call Tracking System Requirement from June 30, 2007 through June 27, 2008.
7. QC has no knowledge of any fraud or suspected fraud affecting its compliance with the Call Tracking System Requirement by QC management, its employees or third parties.
8. Other than matters described below, there have been no communications from regulatory agencies, internal auditors or others concerning possible material noncompliance with the Call Tracking System Requirement through the date of this letter:
  - a. Inquiry from the American Public Communications Council regarding under reporting of compensable payphone traffic related to Flex ANI.
9. QC has made available to you records and data related to compliance with the Call Tracking System Requirement.
10. QC has advised you of any actions taken at meetings of stockholders, board of directors and committees of the board of directors that may affect our compliance with the Call Tracking System Requirement.
11. QC has responded fully to all inquiries by you during your engagement.
12. QC is not aware of any violations or potential violations of laws or regulations, the effects of which should be considered for disclosure in your examination report concerning compliance with the Call Tracking System Requirement.
13. Management's Assertion, included in the *Report of Management on Compliance with Applicable Requirements of 47 C.F.R Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations* and KPMG's report will be distributed in a password protected Adobe Acrobat format via BSG Clearing Solutions, Inc. ("BSG") password secured website. BSG will only provide the user name and password to the FCC, QC, payphone service providers for which QC completes calls.
14. QC is responsible for interpretation of compliance requirements with respect to the Call Tracking Report and related requirements contained in CC Docket No. 96-128, and has defined QC as the Completing Carrier, as defined at 47 C.F.R. Section 64.1300(a), (thus responsible for payphone compensation) for the following scenarios:
  - a. 8XX Toll Free calls

- b. Calling Card calls
  - c. Operator services calls
- 
- 15. QC has advised that there were no material changes to the call tracking system that would impact compliance with 47 C.F.R. Section 64.1320(f) from June 30, 2007 through June 27, 2008.
  - 16. QC is not aware of any changes since June 30, 2007 to BSG's processes and systems that would impact QC's compliance with the Call Tracking System Requirement.
  - 17. QC has advise you of any program development changes from June 30, 2007 through June 27, 2008 which has affected the recording and processing of payphone compensation reports.
  - 18. QC is responsible for reviewing and approving the dial-around compensation rates provided in the Completing-Carrier Compensation e-mail by BSG.
  - 19. QC is responsible for reviewing data reported back to them from BSG in the form of Payment Summary and End of Quarter reports.
  - 20. QC has provided the complete business rules to identify payphone compensable calls.
  - 21. QC is required to verify all traffic, including toll-free/access code call traffic, reported and return approval of the corresponding quarter's traffic before the traffic is loaded into the BSG system for processing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Anne E. Hilton", with a long horizontal flourish extending to the right.

Anne Hilton  
Director-Finance



**Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations**

Management of Qwest Corporation ("Qwest" or the "Company") is responsible for maintaining the internal controls over its pay telephone call tracking system necessary for compliance with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commissions ("FCC") Rules and Regulations and related requirements contained in CC Docket No. 96-128 regarding the *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has evaluated the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1), using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 27, 2008, the Company complies with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) in all material respects as described below. Further, the Company has disclosed all material changes since June 30, 2007 to the auditors concerning the call tracking system that must be disclosed in accordance with 47 C.F.R. Section 64.1320(f) of the FCC's Rules and Regulations. These material changes do not adversely affect the Company's ability to comply with 47 C.F.R. Section 64.1310(a)(1). The Company provides the following information regarding its compliance.

The Company acts as the Completing Carrier<sup>1</sup> in the following call scenarios:

- 8XX Toll Free calls
- Calling Card calls
- Operator Services calls

The Company uses BSG Clearing Solutions, Inc. ("BSG") to perform payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon BSG's performance. In support of these assertions, the Company relies upon a contractual agreement between the Company and BSG ("BSG Contract"), which requires BSG's compliance with CC Docket No. 96-128. In addition, BSG has provided the Company with an independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by BSG. The Company has not conducted an independent evaluation and makes these assertions based solely on the BSG Contract and third-party audit report of BSG's operations.

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<sup>1</sup> As defined in the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, paragraph 64.1300(a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coin-less access code or subscriber toll-free payphone call or a local exchange carrier that compensated a local, coin-less access code or subscriber toll-free payphone call.

The assertions for the Company are made starting with the initial point in call record processing at which the Company has visibility to the call tracking data. The Company represents the following facts regarding its roles as the Completing Carrier, which are in fulfillment of the obligation of the Company as described at 47 C.F.R. sections 64.1320(c):

**A. The Company's procedures accurately track calls to completion, as follows:**

1. The Company's definitions and procedures for establishing the "per-call-rate" are in compliance with the FCC rules.
2. The Company's definition of a "Compensable Call" (payphone-originated call that completes over the Company's network in which the Company identifies itself as the Completing Carrier) is in compliance with the rules.
3. The Company's vendor, BSG, is able to generate the following reports on a quarterly basis, and the third-party audit report of BSG verified the BSG's systems are able to generate the reports and report data for which BSG is responsible, as follows:
  - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's ("PSP") payphones along with the Automatic Number Identification ("ANI") digits for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.
4. The Company's data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
5. The Company relies on BSG processes to identify PSPs. The third-party audit report of BSG processes verified that BSG's procedures for identifying PSPs are complete and accurate.
6. The Company relies on BSG for identifying payphone ANIs. The third-party audit report on BSG processes verified that BSG's procedures for identifying payphone ANIs are complete and accurate.

**B. The Company has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls, as follow:**

1. The Company has identified personnel responsible for drafting and maintaining the business requirements associated with call tracking, payphone compensation and resolving disputes concerning payphone completed calls.

2. The Company has identified personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.
3. The Company has identified personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.
4. The Company has identified personnel responsible for developing compensation-tracking reports, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for developing compensation-tracking reports under their control.
5. The Company has identified personnel who are responsible for payphone compensation dispute resolution, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for the payphone compensation dispute resolution under their control.
6. The Company has identified personnel responsible for managing coordination with the payphone clearinghouse services provider, BSG.

**C. The Company has effective data monitoring procedures, as follows:**

1. The Company relies on BSG to prepare quarterly reports on payphone call counts and numbers dialed and completed, and the third-party audit report of BSG verified that BSG has the ability to prepare the quarterly reports on payphone call counts, PSP identities and numbers dialed and completed under their control.
2. The Company performs data monitoring procedures on call record volumes entering the payphone compensation systems.
3. The Company performs fraud monitoring procedures to identify potentially illegitimate payphone calls.
4. The Company has the ability to investigate and resolve PSP disputes.

**D. The Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability, as follows:**

1. The Company has security controls in place to control access to and monitor call-tracking data, and the third party audit report of BSG verified that BSG has controls in place to control access to and monitor call-tracking data.

2. The Company has security controls in place to control access to and monitor the payphone compensation system, and the third-party audit report of BSG verified that BSG has controls in place to control access to and monitor the system used to calculate payphone compensation.
3. The Company has personnel who are responsible for making software changes that affect payphone compensation systems, and the third-party audit report of BSG verified that BSG also has personnel who are responsible for making software changes.
4. The Company has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of BSG verified that BSG also has personnel who are responsible to implement and test software changes.
5. The Company has application controls in place to ensure that voice network changes, external to payphone compensation, do not negatively impact payphone compensation.

**E. The Company creates a compensable payphone call file by matching call detail records against payphone identifiers, as follows:**

1. The Company utilizes switch data and database look-ups to populate the date, originating ANI, and dialed number, and to aggregate the data into a Compensable Call File.
2. Compensable calls for the Company include the following:
  - a) Coin-less calls originated at a payphone and completed by the Company.
  - b) Coin-less calling card calls originated at a payphone and completed by the Company.
  - c) Coin-less operator assisted calls originated at a payphone and completed by the Company.
3. The Company uses an ANI listing provided by BSG to identify payphone compensable calls.
4. The Company applies validation and control procedures to compile the Compensable Call File.
5. The Company uses a "per-call rate" of \$.494 to calculate PSP compensation, and the third-party audit report of BSG verified that BSG calculates PSP compensation using a "per-call rate" of \$.494.

**F. The Company has procedures to incorporate call data into required reports, as follows:**

1. The Company's vendor, BSG, is able to generate required reports, and the third-party audit report of BSG verified that BSG's systems are able to generate for the systems under their control, the following reports on a quarterly basis:



- a) BSG creates a list of the toll free and access numbers dialed and completed from each PSPs payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.
2. The Company's vendor, BSG, possesses a valid list of PSPs associated to ANIs.

**G. The Company has implemented procedures and controls needed to resolve payphone compensation disputes, as follows:**

1. The Company's data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
2. The Company has the ability to investigate and resolve PSP disputes.
3. The Company has designated personnel who are responsible for payphone compensation dispute resolution.
4. The Company will file a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. The statement was filed with the FCC Secretary and made available to PSPs. This statement will be updated within 60 days of any changes of such persons.

**H. The Company contracted an independent third-party auditor to test critical controls and procedures to verify that errors are immaterial as follows:**

1. The Company has procedures to identify payphone originated calls, and the third-party audit report of BSG verified that BSG also has such procedures.
2. The Company has procedures to capture dial-around calls.
3. The Company has procedures to exclude incomplete calls from the Compensable Call File.
4. The Company has procedures to accurately populate call record data in the Compensable Call File.

**I. The Company has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to (i) identify calls originating from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of payphone service providers to which the Company owes compensation, as follows:**

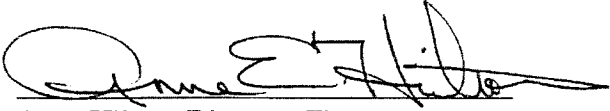
1. The Company has business rules that identify calls originated from payphones, and the third-party audit report of BSG verified that BSG also has such business rules.
2. The Company has business rules that identify compensable payphone calls.
3. The Company has business rules to identify incomplete or otherwise non-compensable calls.
4. The Company's vendor, BSG, has business rules to determine the identities of the PSPs to which the Company owes compensation.

#### **The Company – Required Disclosures per 64.1320(d)**

The Company represents the following facts regarding its role as the Completing Carrier. These facts are in fulfillment of the obligations of the Company as specified at 47 C.F.R. Sections 64.1320(d):

1. The Company's criterion for identifying calls originating from payphones includes:
  - a) Automated Messaging Accounting ("AMA") call detail records are selected when (1) call duration indicator of completed is present, (2) call codes 141 or 142, (3) Carrier Identification Code ("CIC") is 0098, (4) records that match the Qwest 800 CALLNET database, (5) call is intralata.
  - b) WATS call detail records are selected when (1) call duration indicator of completed is present, (2) Local Access and Transport Area ("LATA") type indicator is intralata, (3) message type is IN-WATS, (4) Bell Operating Company ("BOC") CIC for central and western region is 0000, (5) Qwest entity code in the eastern region is 010, 011, 012 or 013, (6) the indicator that a call is a coin originated call must be present.
  - c) Toll call detail record are selected when (1) call duration indicator of completed is present, (2) call record is identified as 800 service line, directory assistance or toll usage, (3) LATA type indicator is intralata, (4) BOC CIC for central and western region is 0000, (5) Qwest entity code in the eastern region is 010, 011, 012 or 013, (6) the indicator that a call is a coin originated call must be present.
2. The Company's criteria for identifying compensable payphone calls include all calls (1) not made to a special needs 8XX number, (2) completed, (3) matched to the ANI listing provided by BSG, (4) not compensated to PSP by contract
3. The Company's criteria used to determine the identities of PSPs to which the Company owes compensation are established by BSG, the Company's clearinghouse for settlement. ANIs are used to identify the PSPs.
4. The type of information the Company needs from PSPs in order to compensate the PSP is determined by BSG. The type of information that BSG needs in order to compensate PSPs are ANIs.
5. The Company has procedures to exclude commissioned calls from the compensation file submitted to BSG.

Qwest Corporation

A handwritten signature in black ink, appearing to read "Anne Hilton", written over a horizontal line.

Anne Hilton, Director, Finance

Dated: June 27, 2008



KPMG LLP  
Suite 2700  
707 Seventeenth Street  
Denver, CO 80202

## Independent Accountants' Report

The Board of Directors  
Qwest Corporation:

We have examined management's assertion, included in the accompanying *Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's (FCC) Rules and Regulations*, that Qwest Corporation (the Company), complied with 47 C.F.R. Sections 64.1310(a) (1), 64.1320(c), and 64.1320(d) of the FCC's rules and regulations and related requirements contained in CC Docket No. 96-128 as of June 27, 2008. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that Qwest Corporation complied with the aforementioned requirements as of June 27, 2008, is fairly stated in all material respects.

This report is intended solely for the information and use of the Company, the FCC, and applicable Payphone Service Providers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Denver, Colorado  
June 27, 2008



**Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations**

Management of Qwest Corporation ("Qwest" or the "Company") is responsible for maintaining the internal controls over its pay telephone call tracking system necessary for compliance with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commissions ("FCC") Rules and Regulations and related requirements contained in CC Docket No. 96-128 regarding the *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has evaluated the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1), using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 27, 2008, the Company complies with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) in all material respects as described below. Further, the Company has disclosed all material changes since June 30, 2007 to the auditors concerning the call tracking system that must be disclosed in accordance with 47 C.F.R. Section 64.1320(f) of the FCC's Rules and Regulations. These material changes do not adversely affect the Company's ability to comply with 47 C.F.R. Section 64.1310(a)(1). The Company provides the following information regarding its compliance.

The Company acts as the Completing Carrier<sup>1</sup> in the following call scenarios:

- 8XX Toll Free calls
- Calling Card calls
- Operator Services calls

The Company uses BSG Clearing Solutions, Inc. ("BSG") to perform payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon BSG's performance. In support of these assertions, the Company relies upon a contractual agreement between the Company and BSG ("BSG Contract"), which requires BSG's compliance with CC Docket No. 96-128. In addition, BSG has provided the Company with an independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by BSG. The Company has not conducted an independent evaluation and makes these assertions based solely on the BSG Contract and third-party audit report of BSG's operations.

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<sup>1</sup> As defined in the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, paragraph 64.1300(a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coin-less access code or subscriber toll-free payphone call or a local exchange carrier that compensated a local, coin-less access code or subscriber toll-free payphone call.

The assertions for the Company are made starting with the initial point in call record processing at which the Company has visibility to the call tracking data. The Company represents the following facts regarding its roles as the Completing Carrier, which are in fulfillment of the obligation of the Company as described at 47 C.F.R. sections 64.1320(c):

**A. The Company's procedures accurately track calls to completion, as follows:**

1. The Company's definitions and procedures for establishing the "per-call-rate" are in compliance with the FCC rules.
2. The Company's definition of a "Compensable Call" (payphone-originated call that completes over the Company's network in which the Company identifies itself as the Completing Carrier) is in compliance with the rules.
3. The Company's vendor, BSG, is able to generate the following reports on a quarterly basis, and the third-party audit report of BSG verified the BSG's systems are able to generate the reports and report data for which BSG is responsible, as follows:
  - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's ("PSP") payphones along with the Automatic Number Identification ("ANI") digits for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.
4. The Company's data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
5. The Company relies on BSG processes to identify PSPs. The third-party audit report of BSG processes verified that BSG's procedures for identifying PSPs are complete and accurate.
6. The Company relies on BSG for identifying payphone ANIs. The third-party audit report on BSG processes verified that BSG's procedures for identifying payphone ANIs are complete and accurate.

**B. The Company has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls, as follow:**

1. The Company has identified personnel responsible for drafting and maintaining the business requirements associated with call tracking, payphone compensation and resolving disputes concerning payphone completed calls.

2. The Company has identified personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.
3. The Company has identified personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.
4. The Company has identified personnel responsible for developing compensation-tracking reports, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for developing compensation-tracking reports under their control.
5. The Company has identified personnel who are responsible for payphone compensation dispute resolution, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for the payphone compensation dispute resolution under their control.
6. The Company has identified personnel responsible for managing coordination with the payphone clearinghouse services provider, BSG.

**C. The Company has effective data monitoring procedures, as follows:**

1. The Company relies on BSG to prepare quarterly reports on payphone call counts and numbers dialed and completed, and the third-party audit report of BSG verified that BSG has the ability to prepare the quarterly reports on payphone call counts, PSP identities and numbers dialed and completed under their control.
2. The Company performs data monitoring procedures on call record volumes entering the payphone compensation systems.
3. The Company performs fraud monitoring procedures to identify potentially illegitimate payphone calls.
4. The Company has the ability to investigate and resolve PSP disputes.

**D. The Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability, as follows:**

1. The Company has security controls in place to control access to and monitor call-tracking data, and the third party audit report of BSG verified that BSG has controls in place to control access to and monitor call-tracking data.

2. The Company has security controls in place to control access to and monitor the payphone compensation system, and the third-party audit report of BSG verified that BSG has controls in place to control access to and monitor the system used to calculate payphone compensation.
3. The Company has personnel who are responsible for making software changes that affect payphone compensation systems, and the third-party audit report of BSG verified that BSG also has personnel who are responsible for making software changes.
4. The Company has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of BSG verified that BSG also has personnel who are responsible to implement and test software changes.
5. The Company has application controls in place to ensure that voice network changes, external to payphone compensation, do not negatively impact payphone compensation.

**E. The Company creates a compensable payphone call file by matching call detail records against payphone identifiers, as follows:**

1. The Company utilizes switch data and database look-ups to populate the date, originating ANI, and dialed number, and to aggregate the data into a Compensable Call File.
2. Compensable calls for the Company include the following:
  - a) Coin-less calls originated at a payphone and completed by the Company.
  - b) Coin-less calling card calls originated at a payphone and completed by the Company.
  - c) Coin-less operator assisted calls originated at a payphone and completed by the Company.
3. The Company uses an ANI listing provided by BSG to identify payphone compensable calls.
4. The Company applies validation and control procedures to compile the Compensable Call File.
5. The Company uses a "per-call rate" of \$.494 to calculate PSP compensation, and the third-party audit report of BSG verified that BSG calculates PSP compensation using a "per-call rate" of \$.494.

**F. The Company has procedures to incorporate call data into required reports, as follows:**

1. The Company's vendor, BSG, is able to generate required reports, and the third-party audit report of BSG verified that BSG's systems are able to generate for the systems under their control, the following reports on a quarterly basis:



- a) BSG creates a list of the toll free and access numbers dialed and completed from each PSPs payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.
2. The Company's vendor, BSG, possesses a valid list of PSPs associated to ANIs.

**G. The Company has implemented procedures and controls needed to resolve payphone compensation disputes, as follows:**

1. The Company's data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
2. The Company has the ability to investigate and resolve PSP disputes.
3. The Company has designated personnel who are responsible for payphone compensation dispute resolution.
4. The Company will file a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. The statement was filed with the FCC Secretary and made available to PSPs. This statement will be updated within 60 days of any changes of such persons.

**H. The Company contracted an independent third-party auditor to test critical controls and procedures to verify that errors are immaterial as follows:**

1. The Company has procedures to identify payphone originated calls, and the third-party audit report of BSG verified that BSG also has such procedures.
2. The Company has procedures to capture dial-around calls.
3. The Company has procedures to exclude incomplete calls from the Compensable Call File.
4. The Company has procedures to accurately populate call record data in the Compensable Call File.

**I. The Company has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to (i) identify calls originating from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of payphone service providers to which the Company owes compensation, as follows:**

1. The Company has business rules that identify calls originated from payphones, and the third-party audit report of BSG verified that BSG also has such business rules.
2. The Company has business rules that identify compensable payphone calls.
3. The Company has business rules to identify incomplete or otherwise non-compensable calls.
4. The Company's vendor, BSG, has business rules to determine the identities of the PSPs to which the Company owes compensation.

#### **The Company – Required Disclosures per 64.1320(d)**

The Company represents the following facts regarding its role as the Completing Carrier. These facts are in fulfillment of the obligations of the Company as specified at 47 C.F.R. Sections 64.1320(d):

1. The Company's criterion for identifying calls originating from payphones includes:
  - a) Automated Messaging Accounting ("AMA") call detail records are selected when (1) call duration indicator of completed is present, (2) call codes 141 or 142, (3) Carrier Identification Code ("CIC") is 0098, (4) records that match the Qwest 800 CALLNET database, (5) call is intralata.
  - b) WATS call detail records are selected when (1) call duration indicator of completed is present, (2) Local Access and Transport Area ("LATA") type indicator is intralata, (3) message type is IN-WATS, (4) Bell Operating Company ("BOC") CIC for central and western region is 0000, (5) Qwest entity code in the eastern region is 010, 011, 012 or 013, (6) the indicator that a call is a coin originated call must be present.
  - c) Toll call detail record are selected when (1) call duration indicator of completed is present, (2) call record is identified as 800 service line, directory assistance or toll usage, (3) LATA type indicator is intralata, (4) BOC CIC for central and western region is 0000, (5) Qwest entity code in the eastern region is 010, 011, 012 or 013, (6) the indicator that a call is a coin originated call must be present.
2. The Company's criteria for identifying compensable payphone calls include all calls (1) not made to a special needs 8XX number, (2) completed, (3) matched to the ANI listing provided by BSG, (4) not compensated to PSP by contract
3. The Company's criteria used to determine the identities of PSPs to which the Company owes compensation are established by BSG, the Company's clearinghouse for settlement. ANIs are used to identify the PSPs.
4. The type of information the Company needs from PSPs in order to compensate the PSP is determined by BSG. The type of information that BSG needs in order to compensate PSPs are ANIs.
5. The Company has procedures to exclude commissioned calls from the compensation file submitted to BSG.

Qwest Corporation

A handwritten signature in black ink, appearing to read "Anne Hilton", with a long horizontal flourish extending to the right.

Anne Hilton, Director, Finance

Dated: June 27, 2008

Anne Hilton  
Director-Finance  
Qwest Services Corporation



June 27, 2008

KPMG LLP  
707 17<sup>th</sup> Street, Suite 2700  
Denver, CO 80211

Qwest Communications Corporation ("QCC" or the "Company") is providing this letter in connection with your engagement to examine Management's Assertion included in the *Report of Management on Compliance with Applicable Requirements of 47 C.F.R Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations* that QCC complied, in all material respects, with Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commission's ("FCC's") Rules and Regulations and related requirements contained in CC Docket No. 96-128 (hereinafter, "Call Tracking System Requirement") as of June 27, 2008.

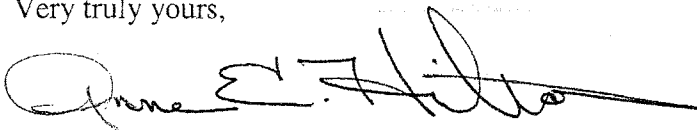
In connection with your examination, QCC confirms, to the best of our knowledge and belief, the following representations made to you during your examination:

1. QCC is responsible for compliance with the Call Tracking System Requirement. As of June 27, 2008, the Company operates its business in compliance with the Call Tracking System Requirement in all material respects.
2. QCC is responsible for the assertions included in the *Report of Management on Compliance with Applicable Requirements of 47 C.F.R Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations*.
3. QCC is responsible for selecting the criteria to assert to the FCC compliance factors set forth at 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations for determining that such criteria is appropriate for our purposes.
4. QCC establishes and maintains effective internal controls needed to ensure compliance with the Call Tracking System Requirement.

5. QCC continually monitors and evaluates the Company's compliance with the Call Tracking System Requirement and the Company's internal control policies and procedures for ensuring compliance and detecting noncompliance with the Call Tracking System Requirement.
6. QCC is not aware of any instances of known noncompliance with the Call Tracking System Requirement from June 30, 2007 through June 27, 2008.
7. QCC has no knowledge of any fraud or suspected fraud affecting its compliance with the Call Tracking System Requirement by QCC management, its employees or third parties.
8. Other than matters described below, there have been no communications from regulatory agencies, internal auditors or others concerning possible material noncompliance with the Call Tracking System Requirement through the date of this letter:
  - a. Inquiry from the American Public Communications Council regarding under reporting of compensable payphone traffic related to Flex ANI.
9. QCC has made available to you records and data related to compliance with the Call Tracking System Requirement.
10. QCC has advised you of any actions taken at meetings of stockholders, board of directors and committees of the board of directors that may affect our compliance with the Call Tracking System Requirement.
11. QCC has responded fully to all inquiries by you during your engagement.
12. QCC is not aware of any violations or potential violations of laws or regulations, the effects of which should be considered for disclosure in your examination report concerning compliance with the Call Tracking System Requirement.
13. Management's Assertion, included in the *Report of Management on Compliance with Applicable Requirements of 47 C.F.R Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations* and KPMG's report will be distributed in a password protected Adobe Acrobat format via BSG Clearing Solutions, Inc. ("BSG") password secured website. BSG will only provide the user name and password to the FCC, QCC, payphone service providers for which QCC completes calls and to each facilities-based long distance carrier from which it receives payphone calls.
14. QCC is responsible for interpretation of compliance requirements with respect to the Call Tracking Report and related requirements contained in CC Docket No. 96-128, and has defined QCC as the Completing Carrier, as defined at 47 C.F.R. Section 64.1300(a), (thus responsible for payphone compensation) for the following scenarios:

- a. 8XX Toll Free calls
  - b. Calling Card calls
  - c. Operator services calls
15. QCC has advised that there were no material changes to the call tracking system that would impact compliance with 47 C.F.R. Section 64.1320(f) from June 30, 2007 through June 27, 2008.
16. QCC is not aware of any changes since June 30, 2007 to BSG's processes and systems that would impact QCC's compliance with the Call Tracking System Requirement.
17. QCC has a legally binding contract with various completing carriers in which QCC accepts responsibility on behalf of the completing carriers for compensating PSPs for payphone originated calls. QCC has represented to these carriers that QCC will accept responsibility as the Completing Carrier, as defined at 47 C.F.R. Section 64.1300(a), for these calls.
18. QCC has advised you of any program development changes from June 30, 2007 through June 27, 2008 which has affected the recording and processing of payphone compensation reports.
19. QCC is responsible for reviewing and approving the dial-around compensation rates provided in the Completing-Carrier Compensation e-mail by BSG.
20. QCC is responsible for reviewing data reported back to them from BSG in the form of Payment Summary and End of Quarter reports.
21. QCC has provided the complete business rules to identify payphone compensable calls.
22. QCC implemented interim procedures to identify compensable payphone traffic related to Flex ANI.
23. QCC is required to verify all traffic, including toll-free/access code call traffic, reported and return approval of the corresponding quarter's traffic before the traffic is loaded into the BSG system for processing.

Very truly yours,



Anne Hilton  
Director-Finance



## **Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations**

Management of Qwest Communications Corporation ("Qwest" or the "Company") is responsible for maintaining the internal controls over its pay telephone call tracking system necessary for compliance with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commissions ("FCC") Rules and Regulations and related requirements contained in CC Docket No. 96-128 regarding the *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has evaluated the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1), using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 27, 2008, the Company complies with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) in all material respects as described below. Further, the Company has disclosed all material changes since June 30, 2007 to the auditors concerning the call tracking system that must be disclosed in accordance with 47 C.F.R. Section 64.1320(f) of the FCC's Rules and Regulations. These material changes do not adversely affect the Company's ability to comply with 47 C.F.R. Section 64.1310(a)(1). The Company provides the following information regarding its compliance.

The Company acts as the Completing Carrier<sup>1</sup> in the following call scenarios:

- 8XX Toll Free calls
- Calling Card calls (in a limited capacity)
- Operator Services calls

The Company uses BSG Clearing Solutions, Inc. ("BSG") to perform payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon BSG's performance. In support of these assertions, the Company relies upon a contractual agreement between the Company and BSG ("BSG Contract"), which requires BSG's compliance with CC Docket No. 96-128. In addition, BSG has provided the Company with an independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by BSG. The Company has not conducted an independent evaluation and makes these assertions based solely on the BSG Contract and third-party audit report of BSG's operations.

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<sup>1</sup> As defined in the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, paragraph 64.1300(a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coin-less access code or subscriber toll-free payphone call or a local exchange carrier that compensated a local, coin-less access code or subscriber toll-free payphone call.

The assertions for the Company are made starting with the initial point in call record processing at which the Company has visibility to the call tracking data. The Company represents the following facts regarding its roles as the Completing Carrier, which are in fulfillment of the obligation of the Company as described at 47 C.F.R. sections 64.1320(c):

**A. The Company's procedures accurately track calls to completion, as follows:**

1. The Company's definitions and procedures for establishing the "per-call-rate" are in compliance with the FCC rules.
2. The Company's definition of a "Compensable Call" (payphone-originated call that completes over the Company's network in which the Company identifies itself as the Completing Carrier) is in compliance with the rules.
3. The Company's vendor, BSG, is able to generate the following reports on a quarterly basis, and the third-party audit report of BSG verified the BSG's systems are able to generate the reports and report data for which BSG is responsible, as follows:
  - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's ("PSP") payphones along with the Automatic Number Identification ("ANI") digits for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.
  - d) The Carrier Identification Code ("CIC") of all facilities-based carriers that routed calls to the Company, categorized by toll-free and access code numbers.
4. The Company's data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
5. The Company relies on BSG processes to identify PSPs. The third-party audit report of BSG processes verified that BSG's procedures for identifying PSPs are complete and accurate.
6. The Company relies on BSG for identifying payphone ANIs. The third-party audit report on BSG processes verified that BSG's procedures for identifying payphone ANIs are complete and accurate.

**B. The Company has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls, as follow:**



1. The Company has identified personnel responsible for drafting and maintaining the business requirements associated with call tracking, payphone compensation and resolving disputes concerning payphone completed calls.
2. The Company has identified personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.
3. The Company has identified personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.
4. The Company has identified personnel responsible for developing compensation-tracking reports, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for developing compensation-tracking reports under their control.
5. The Company has identified personnel who are responsible for payphone compensation dispute resolution, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for the payphone compensation dispute resolution under their control.
6. The Company has identified personnel responsible for managing coordination with the payphone clearinghouse services provider, BSG.

**C. The Company has effective data monitoring procedures, as follows:**

1. The Company relies on BSG to prepare quarterly reports on payphone call counts and numbers dialed and completed, and the third-party audit report of BSG verified that BSG has the ability to prepare the quarterly reports on payphone call counts, PSP identities and numbers dialed and completed under their control.
2. The Company performs data monitoring procedures on call record volumes entering the payphone compensation systems.
3. The Company performs fraud monitoring procedures to identify potentially illegitimate payphone calls.
4. The Company has the ability to investigate and resolve PSP disputes.

**D. The Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability, as follows:**

1. The Company has security controls in place to control access to and monitor call-tracking data, and the third party audit report of BSG verified that BSG has controls in place to control access to and monitor call-tracking data.
2. The Company has security controls in place to control access to and monitor the payphone compensation system, and the third-party audit report of BSG verified that BSG has controls in place to control access to and monitor the system used to calculate payphone compensation.
3. The Company has personnel who are responsible for making software changes that affect payphone compensation systems, and the third-party audit report of BSG verified that BSG also has personnel who are responsible for making software changes.
4. The Company has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of BSG verified that BSG also has personnel who are responsible to implement and test software changes.
5. The Company has application controls in place to ensure that voice network changes, external to payphone compensation, do not negatively impact payphone compensation.

**E. The Company creates a compensable payphone call file by matching call detail records against payphone identifiers, as follows:**

1. The Company utilizes switch data and database look-ups to populate the date, originating ANI, and dialed number, and to aggregate the data into a Compensable Call File.
2. Compensable calls for the Company include the following:
  - a) Coin-less calls originated at a payphone and completed by the Company.
  - b) Coin-less calls originated at a payphone and completed by a customer of the Company where the customer has contracted with the Company to pay on its behalf.
  - c) Coin-less calling card calls originated at a payphone and completed by the Company.
  - d) Coin-less calling card calls originated at a payphone and completed by a customer of the Company where the customer has contracted with the Company to pay on its behalf.
  - e) Coin-less operator assisted calls originated at a payphone and completed by the Company.
3. The Company uses payphone specific identifiers (information-digits and COCOT indicators) to identify a compensable payphone call record.
4. The Company applies validation and control procedures to compile the Compensable Call File.

5. The Company uses a “per-call rate” of \$.494 to calculate PSP compensation, and the third-party audit report of BSG verified that BSG calculates PSP compensation using a “per-call rate” of \$.494.

**F. The Company has procedures to incorporate call data into required reports, as follows:**

1. The Company’s vendor, BSG, is able to generate required reports, and the third-party audit report of BSG verified that BSG’s systems are able to generate for the systems under their control, the following reports on a quarterly basis:
  - a) BSG creates a list of the toll free and access numbers dialed and completed from each PSPs payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company’s payphone compensation.
  - d) The CIC of all facilities-based carriers that routed calls to the Company, categorized according to toll-free and access coded numbers.
2. The Company’s vendor, BSG, possesses a valid list of PSPs associated to ANIs.

**G. The Company has implemented procedures and controls needed to resolve payphone compensation disputes, as follows:**

1. The Company’s data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
2. The Company has the ability to investigate and resolve PSP disputes.
3. The Company has designated personnel who are responsible for payphone compensation dispute resolution.
4. The Company has filed a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. The statement was filed with the FCC Secretary and made available to facilities-based carriers and PSPs. This statement will be updated within 60 days of any changes of such persons.

**H. The Company contracted an independent third-party auditor to test critical controls and procedures to verify that errors are immaterial as follows:**

1. The Company has procedures to identify payphone originated calls, and the third-party audit report of BSG verified that BSG also has such procedures.
  2. The Company has procedures to capture dial-around calls.
  3. The Company has procedures to exclude incomplete calls from the Compensable Call File.
  4. The Company has procedures to accurately populate call record data in the Compensable Call File.
- 
1. **The Company has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to (i) identify calls originating from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of payphone service providers to which the Company owes compensation, as follows:**
    1. The Company has business rules that identify calls originated from payphones, and the third-party audit report of BSG verified that BSG also has such business rules.
    2. The Company has business rules that identify compensable payphone calls.
    3. The Company has business rules to identify incomplete or otherwise non-compensable calls.
    4. The Company's vendor, BSG, has business rules to determine the identities of the PSPs to which the Company owes compensation.

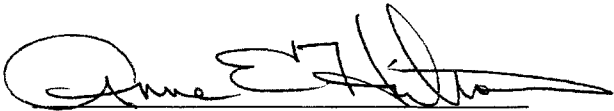
#### **The Company – Required Disclosures per 64.1320(d)**

The Company represents the following facts regarding its role as the Completing Carrier. These facts are in fulfillment of the obligations of the Company as specified at 47 C.F.R. Sections 64.1320(d):

1. The Company's criterion for identifying calls originating from payphones includes call record information digit identification of 25, 27, 29, or 70.
2. The Company's criteria for identifying compensable payphone calls include all calls with (1) information digits of 25, 27, 29, or 70, (2) call duration is greater than 0, (3) COCOT indicator of 1, 2, or 4, (3) the dialed number is an 8XX, (4) product type code is 9999, (5) call type code is Y
3. The Company's criteria for identifying incomplete or otherwise non-compensable calls include: (1) calls that do not have a payphone info-digit, (2) call duration is less than 0, (3) call type code is N or BSLDWAIVER, (4) product type is 8888.

4. The Company's criterion for identifying calls originating from payphones that do not include call record information digit identification of 25, 27, 29 or 70 includes comparing originating ANIs to a master ANI list received from BSG. When matches are found, all previously mentioned criterion are applied.
5. The Company's criteria used to determine the identities of PSPs to which the Company owes compensation are established by BSG, the Company's clearinghouse for settlement. ANIs are used to identify the PSPs.
6. The type of information the Company needs from PSPs in order to compensate the PSP is determined by BSG. The type of information that BSG needs in order to compensate PSPs are ANIs.
7. The Company has procedures to exclude commissioned calls from the compensation file submitted to BSG.

Qwest Communications Corporation

A handwritten signature in black ink, appearing to read "Anne Hilton", with a stylized flourish extending to the right.

Anne Hilton, Director, Finance

Dated: June 27, 2008



KPMG LLP  
Suite 2700  
707 Seventeenth Street  
Denver, CO 80202

## Independent Accountants' Report

The Board of Directors  
Qwest Communications Corporation:

We have examined management's assertion, included in the accompanying *Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's (FCC) Rules and Regulations*, that Qwest Communications Corporation (the Company), complied with 47 C.F.R. Sections 64.1310(a) (1), 64.1320(c), and 64.1320(d) of the FCC's rules and regulations and related requirements contained in CC Docket No. 96-128 as of June 27, 2008. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that Qwest Communications Corporation complied with the aforementioned requirements as of June 27, 2008 is fairly stated in all material respects.

This report is intended solely for the information and use of the Company, the FCC, and applicable Facilities-Based Long Distance Carriers and Payphone Service Providers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Denver, Colorado  
June 27, 2008



## **Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations**

Management of Qwest Communications Corporation ("Qwest" or the "Company") is responsible for maintaining the internal controls over its pay telephone call tracking system necessary for compliance with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commissions ("FCC") Rules and Regulations and related requirements contained in CC Docket No. 96-128 regarding the *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has evaluated the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1), using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 27, 2008, the Company complies with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) in all material respects as described below. Further, the Company has disclosed all material changes since June 30, 2007 to the auditors concerning the call tracking system that must be disclosed in accordance with 47 C.F.R. Section 64.1320(f) of the FCC's Rules and Regulations. These material changes do not adversely affect the Company's ability to comply with 47 C.F.R. Section 64.1310(a)(1). The Company provides the following information regarding its compliance.

The Company acts as the Completing Carrier<sup>1</sup> in the following call scenarios:

- 8XX Toll Free calls
- Calling Card calls (in a limited capacity)
- Operator Services calls

The Company uses BSG Clearing Solutions, Inc. ("BSG") to perform payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon BSG's performance. In support of these assertions, the Company relies upon a contractual agreement between the Company and BSG ("BSG Contract"), which requires BSG's compliance with CC Docket No. 96-128. In addition, BSG has provided the Company with an independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by BSG. The Company has not conducted an independent evaluation and makes these assertions based solely on the BSG Contract and third-party audit report of BSG's operations.

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<sup>1</sup> As defined in the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, paragraph 64.1300(a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coin-less access code or subscriber toll-free payphone call or a local exchange carrier that compensated a local, coin-less access code or subscriber toll-free payphone call.

The assertions for the Company are made starting with the initial point in call record processing at which the Company has visibility to the call tracking data. The Company represents the following facts regarding its roles as the Completing Carrier, which are in fulfillment of the obligation of the Company as described at 47 C.F.R. sections 64.1320(c):

**A. The Company's procedures accurately track calls to completion, as follows:**

1. The Company's definitions and procedures for establishing the "per-call-rate" are in compliance with the FCC rules.
2. The Company's definition of a "Compensable Call" (payphone-originated call that completes over the Company's network in which the Company identifies itself as the Completing Carrier) is in compliance with the rules.
3. The Company's vendor, BSG, is able to generate the following reports on a quarterly basis, and the third-party audit report of BSG verified the BSG's systems are able to generate the reports and report data for which BSG is responsible, as follows:
  - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's ("PSP") payphones along with the Automatic Number Identification ("ANI") digits for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.
  - d) The Carrier Identification Code ("CIC") of all facilities-based carriers that routed calls to the Company, categorized by toll-free and access code numbers.
4. The Company's data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
5. The Company relies on BSG processes to identify PSPs. The third-party audit report of BSG processes verified that BSG's procedures for identifying PSPs are complete and accurate.
6. The Company relies on BSG for identifying payphone ANIs. The third-party audit report on BSG processes verified that BSG's procedures for identifying payphone ANIs are complete and accurate.

**B. The Company has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls, as follow:**



1. The Company has identified personnel responsible for drafting and maintaining the business requirements associated with call tracking, payphone compensation and resolving disputes concerning payphone completed calls.
2. The Company has identified personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.
3. The Company has identified personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets, and the third-party audit report of BSG verified that BSG has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.
4. The Company has identified personnel responsible for developing compensation-tracking reports, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for developing compensation-tracking reports under their control.
5. The Company has identified personnel who are responsible for payphone compensation dispute resolution, and the third-party audit report of BSG verified that BSG has designated personnel who are responsible for the payphone compensation dispute resolution under their control.
6. The Company has identified personnel responsible for managing coordination with the payphone clearinghouse services provider, BSG.

**C. The Company has effective data monitoring procedures, as follows:**

1. The Company relies on BSG to prepare quarterly reports on payphone call counts and numbers dialed and completed, and the third-party audit report of BSG verified that BSG has the ability to prepare the quarterly reports on payphone call counts, PSP identities and numbers dialed and completed under their control.
2. The Company performs data monitoring procedures on call record volumes entering the payphone compensation systems.
3. The Company performs fraud monitoring procedures to identify potentially illegitimate payphone calls.
4. The Company has the ability to investigate and resolve PSP disputes.

**D. The Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability, as follows:**

1. The Company has security controls in place to control access to and monitor call-tracking data, and the third party audit report of BSG verified that BSG has controls in place to control access to and monitor call-tracking data.
2. The Company has security controls in place to control access to and monitor the payphone compensation system, and the third-party audit report of BSG verified that BSG has controls in place to control access to and monitor the system used to calculate payphone compensation.
3. The Company has personnel who are responsible for making software changes that affect payphone compensation systems, and the third-party audit report of BSG verified that BSG also has personnel who are responsible for making software changes.
4. The Company has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of BSG verified that BSG also has personnel who are responsible to implement and test software changes.
5. The Company has application controls in place to ensure that voice network changes, external to payphone compensation, do not negatively impact payphone compensation.

**E. The Company creates a compensable payphone call file by matching call detail records against payphone identifiers, as follows:**

1. The Company utilizes switch data and database look-ups to populate the date, originating ANI, and dialed number, and to aggregate the data into a Compensable Call File.
2. Compensable calls for the Company include the following:
  - a) Coin-less calls originated at a payphone and completed by the Company.
  - b) Coin-less calls originated at a payphone and completed by a customer of the Company where the customer has contracted with the Company to pay on its behalf.
  - c) Coin-less calling card calls originated at a payphone and completed by the Company.
  - d) Coin-less calling card calls originated at a payphone and completed by a customer of the Company where the customer has contracted with the Company to pay on its behalf.
  - e) Coin-less operator assisted calls originated at a payphone and completed by the Company.
3. The Company uses payphone specific identifiers (information-digits and COCOT indicators) to identify a compensable payphone call record.
4. The Company applies validation and control procedures to compile the Compensable Call File.

5. The Company uses a “per-call rate” of \$.494 to calculate PSP compensation, and the third-party audit report of BSG verified that BSG calculates PSP compensation using a “per-call rate” of \$.494.

**F. The Company has procedures to incorporate call data into required reports, as follows:**

1. The Company’s vendor, BSG, is able to generate required reports, and the third-party audit report of BSG verified that BSG’s systems are able to generate for the systems under their control, the following reports on a quarterly basis:
  - a) BSG creates a list of the toll free and access numbers dialed and completed from each PSPs payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by the Company.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company’s payphone compensation.
  - d) The CIC of all facilities-based carriers that routed calls to the Company, categorized according to toll-free and access coded numbers.
2. The Company’s vendor, BSG, possesses a valid list of PSPs associated to ANIs.

**G. The Company has implemented procedures and controls needed to resolve payphone compensation disputes, as follows:**

1. The Company’s data storage requirements are in compliance with requirements established by the FCC ruling of 27 months.
2. The Company has the ability to investigate and resolve PSP disputes.
3. The Company has designated personnel who are responsible for payphone compensation dispute resolution.
4. The Company has filed a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. The statement was filed with the FCC Secretary and made available to facilities-based carriers and PSPs. This statement will be updated within 60 days of any changes of such persons.

**H. The Company contracted an independent third-party auditor to test critical controls and procedures to verify that errors are immaterial as follows:**

1. The Company has procedures to identify payphone originated calls, and the third-party audit report of BSG verified that BSG also has such procedures.
  2. The Company has procedures to capture dial-around calls.
  3. The Company has procedures to exclude incomplete calls from the Compensable Call File.
  4. The Company has procedures to accurately populate call record data in the Compensable Call File.
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- I. **The Company has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to (i) identify calls originating from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of payphone service providers to which the Company owes compensation, as follows:**
    1. The Company has business rules that identify calls originated from payphones, and the third-party audit report of BSG verified that BSG also has such business rules.
    2. The Company has business rules that identify compensable payphone calls.
    3. The Company has business rules to identify incomplete or otherwise non-compensable calls.
    4. The Company's vendor, BSG, has business rules to determine the identities of the PSPs to which the Company owes compensation.

#### **The Company – Required Disclosures per 64.1320(d)**

The Company represents the following facts regarding its role as the Completing Carrier. These facts are in fulfillment of the obligations of the Company as specified at 47 C.F.R. Sections 64.1320(d):

1. The Company's criterion for identifying calls originating from payphones includes call record information digit identification of 25, 27, 29, or 70.
2. The Company's criteria for identifying compensable payphone calls include all calls with (1) information digits of 25, 27, 29, or 70, (2) call duration is greater than 0, (3) COCOT indicator of 1, 2, or 4, (3) the dialed number is an 8XX, (4) product type code is 9999, (5) call type code is Y
3. The Company's criteria for identifying incomplete or otherwise non-compensable calls include: (1) calls that do not have a payphone info-digit, (2) call duration is less than 0, (3) call type code is N or BSLDWAIVER, (4) product type is 8888.

4. The Company's criterion for identifying calls originating from payphones that do not include call record information digit identification of 25, 27, 29 or 70 includes comparing originating ANIs to a master ANI list received from BSG. When matches are found, all previously mentioned criterion are applied.
5. The Company's criteria used to determine the identities of PSPs to which the Company owes compensation are established by BSG, the Company's clearinghouse for settlement. ANIs are used to identify the PSPs.
6. The type of information the Company needs from PSPs in order to compensate the PSP is determined by BSG. The type of information that BSG needs in order to compensate PSPs are ANIs.
7. The Company has procedures to exclude commissioned calls from the compensation file submitted to BSG.

Qwest Communications Corporation

A handwritten signature in dark ink, appearing to read "Anne Hilton", is written over a horizontal line.

Anne Hilton, Director, Finance

